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Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 NEA-10 ADP-00 CAB-09 CIAE-00

COME-00 DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-15

NSC-10 L-03 RSR-01 /106 W
---------- 064688
R 121330Z JUL 73
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 3169
INFO FAA BRUSSELS
AMEMBASSY KUWAIT
AMEMBASSY JIDDA
AMEMBASSY TRIPOLI

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DEPT PASS USINT CAIRO

EO 11652: N/A
TAGS: ETRN KU
SUBJ: CIVAIR - PLANNED ARAB CARRIER JOINT OPERATIONS MIDDLE EAST-U.S.

REF: STATE 132721, DWOR-MEADOWS TELCON JUL 10

SUMMARY: RCAA NOTES PLANNED JOINT OPERATIONS OR POLLED CONCEPT MEA, KUWAIT AIRWAYS, SAUDIA, AS PUT FORTH BY MEA GEN MANAGER, ASAD NASR, AND ARAB AIR CARRIERS ORGANIZATION, DOES NOT APPARENTLY ENVISAGE ANY OPERATIONS MIDDLE EAST-EUROPE-U.S. BUT DIRECT NONSTOP SERVICES VIA BEIRUT TO NEW YORK WITH ONLY NON-TRAFFIC REFUELING STOP WHEN NECESSARY (POSSIBLY MADRID OR TOULOUSE) DUE HEADWINDS. END SUMMARY.

1. IN RESPONSE TO PARA 5 REFTEL, RCAA NOTES THAT PLANNED MEA/KUWAIT AIRWAYS/SAUDIA JOINT OR POOLED OPERATIONS JIDDA/KUWATI-BEIRUT-U.S., AS EXPRESSED BY MEA
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GEN MANAGER ASAD NASR AND ARAB AIR CARRIERS ORGANIZATION

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(AACO) ASST SECRETARY GENERAL, AMER SHARIF,
DOES NOT ENVISAGE ANY TRAFFIC STOPS WESTERN EUROPE.
PLANNED DAILY SERVICES WOULD BE NONSTOP BEIRUT-NEW YORK
WHENEVER POSSIBLE, WITH OPTIONAL NON-TRAFFIC STOP
ONLY WHEN NECESSITATED BY ADVERSE HEADWINDS AT EITHER
MADRID OR TOULOUSE.

2. FURTHER, KUWAIT AIRWAYS AND SAUDIA DO NOT ENVISAGE
RIDING COATTAILS OF MEA'S BASIC OPERATING RIGHTS TO
U.S. AS PROVIDED FOR IN ROUTE ANNEX OF 1972 GOL-USG
AIR TRANSPORT AGREEMENT. MEA'S BOARD OF DIRECTORS HAS
BEEN EXTREMELY RELUCTANT TO AUTHORIZE MEA IMPLEMENTING AN
INDEPENDENT ROUTE TO THE U.S. WITHOUT THE TRAFFIC AND
OPERATIONAL SUPPORT OF OTHER ARAB CARRIERS, PARTICULARLY
IF THE MARKET/IMAGE ADVANTAGES OF AT LEAST A DAILY ROUND-
TRIP SERVICE ARE TO BE MET. THUS, MEA'S GEN MANAGER
WAS THE CATALYST IN STIMULATING INTEREST BY KUWAIT AIRWAYS
AND SAUDIA IN IMPLEMENTING SCHEDULED SERVICES TO THE U.S.
IF KUWAIT AIRWAYS AND SAUDIA DO NOT PARTICIPATE, RCAA
BELIEVES MEA'S BOARD MAY CONTINUE TO WITHHOLD GO-AHEAD
TO LEBANESE CARRIER'S MANAGEMENT TO IMPLEMENT TRANS-
ATLANTIC SERVICES ON OWN.

3. PRESENT INDICATIONS ARE THAT THE JOINT MEA/KUWAIT
AIRWAYS/SAUDIA DAILY SERVICES TO AND FROM NEW YORK WOULD
BE IMPLEMENTED APR 1, 1975. POSSIBLY, BUT NOT PROBABLY,
PARTICIPATING IN THE JOINT SERVICES WOULD ALSO BE SYRIAN
ARAB AIRLINES AND EGYPTAIR. IN THIS CONTEXT, RCAA NOTES
THE AIR TRANSPORT AGREEMENT, USG-EGYPT (EIF APR 7, 1965),
USG-SYRIA (EIF JUN 21, 1955).

4. MEA, KUWAIT AIRWAYS, SAUDIA, AND POSSIBLY EGYPTAIR AND
SYRIAN ARAB WILL BE MEETING IN BEIRUT AUG 1 AND AUG 14
TO DISCUSS PRELIMINARY PLANNING AND COORDINATED SECTION
402 FOREIGN AIR CARRIER PERMIT APPLICATION PROCEDURES.
IT WOULD APPEAR, DUE TO LEGAL COMPLICATIONS, CONSORTIUM
APPROACH (I.E., SAS, AIR AFRIQUE) WILL NOT BE UTILIZED.
UNDER JOINT OPERATION FORMAT, MEA WOULD PROBABLY OPERATE
THREE ROUNDTRIP SERVICES WEEKLY BEIRUT-NEW YORK, WITH
KUWAIT AIRWAYS OPERATING TWO KUWAIT-BEIRUT-NEW YORK ROUND-
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TRIP SERVICES WEEKLY, AND SAUDIA TWO DHAHRAN-JIDDA-BEIRUT
ROUNDTRIP SERVICES WEEKLY. THE ALLOCATION WOULD BE
REVISED IF SYRIAN ARAB (DAMASCUS-BEIRUT-NEW YORK) AND
EGYPTAIR (CAIRO-BEIRUT-NEW YORK) ALSO PARTICIPATED.

5. SPONSORSHIP PLANNED POOLED OPERATIONS TO
NEW YORK IS BEING ADVANCED BY MORE PROGRESSIVE AND
ENLIGHTENED CARRIERS IN THE ARAB WORLD TO COUNTER AND

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BLUNT POSSIBLE ACTIVATION OF A CONSORTIUM LONG-HAUL PAN ARAB OR ARAB INTERNATIONAL AIRLINE, ORIGINALLY PROMULGATED BY THE ARAB LEAGUE 20 YEARS AGO AND RELATIVELY DORMANT UNTIL EARLIER THIS YEAR. ON MAR 11, 73, LIBYAN ARAB REPUBLIC DEPOSITED A STATEMENT WITH ARAB LEAGUE AGREEING TO PARTICIPATE IN THE CAPITAL STRUCTURE OF A CONSORTIUM ARAB INTERNATIONAL AIRLINE, WHICH REPRESENTS ATTAINMENT OF THE PLEDGING OF THE MINIMUM 60 PERCENT OF THE PROPOSED AIRLINE'S CAPITAL STRUCTURE OF 17 MILLION POUNDS STERLING, THUS BRINGING, AT LEAST THEORETICALLY, PORPOSED CONSORTIUM INTO BEING. NEXT STEP IS SELECTION OF THE CONSORTIUM AIRLINE'S BOARD OF DIRECTORS. PRESENTLY, PLEDGED GOVT PARTICIPANTS ARE THE FOL: LIBYA 3PCT, EGYPT 20PCT, IRAQ 15PCT, KUWAIT 20PCT, DUBAI 1PCT, JORDAN 1PCT, SYRIA (NO SHARE SPECIFIED).

6. MOST PROGRESSIVE ARAB AIR CARRIERS BELIEVE THE ALL-EMBRACING CONSORTIUM LONG-HAUL PAN ARAB AIRLINE IS A SYMBOL ONLY AND IN ACTUALITY WOULD BE A NONSTARTER DUE TO SHARPLY CONFLICTING OPERATING CONCEPTS AND PHILOSOPHIES AND PERSONALITY CONFLICTS AMONG THE POTENTIAL COMPONENT AIRLINES. WE SHARE THIS VIEW, WHICH HAS BEEN PERSONALLY CONVEYED TO US BY THE GEN MANAGER OF MEA AND THE ASST SECRETARY GEN OF THE ARAB AIR CARRIERS ORGANIZATION, AMONG OTHERS. THE PROSPECTS THAT, AS A SYMBOL OF ARAB UNITY, MEMBER NATIONS OF THE ARAB LEAGUE COULD ACTIVATE THE PAN ARAB CONSORITUM IS ONE IMPORTANT FACTOR PUSHING THE AMBITIONS OF MEA, KUWAIT AIRWAYS, AND SAUDIA, IN PARTICULAR, TO MOUNT A JOINT OPERATION TO AND FROM THE U.S. THE OTHER FACTOR, WHICH IS PARTICULARLY COMPELLING, IS THEIR CONVICTION THAT A DAILY, DIRECT SERVICE TO AND FROM NEW YORK, AVOIDING A EUROPEAN STOPOEVER, IS ECONOMICALLY VIABLE IN RESPONSE TO THE RAPIDLY GROWING PROSPERITY AND LIMITED OFFICIAL USE

ECONOMIC STRENGTH OF THE OIL-PRODUCING COUNTRIES AND THE INCREASING COMMUNITY-OF-INTEREST BETWEEN THE MIDDLE EAST AND THE U.S.

7. IN OUR VIEW, A JOINT SERVICE CONCEPT BY MEA, KUWAIT AIRWAYS, AND SAUDIA APPEARS DESIRABLE FOR THE U.S. POSITION IN THE AREA. THEREFORE, DEPT SUPPORT OF THE FOREIGN AIR CARRIER PERMIT APPLICATIONS OF KUWAIT AIRWAYS, SAUDIA, AND, OF COURSE, MEA, WOULD APPEAR TO BE IN OUR INTEREST. SUCH SUPPORT, OF COURSE, SHOULD BE WITHIN THE CONTEXT OF A JOINT-OPERATION OR POOLED CONCEPT, AND NOT INDEPENDENTLY MOUNTED OPERATIONS, AND, IN THE CASE OF KUWAIT AIRWAYS AND SAUDIA, ON THE UNDERSTANDING THAT ROUTING WOULD BE DIRECTLY TO NEW YORK, EXCLUDING FIFTH FREEDOM TRAFFIC RIGHTS EUROPE-U.S.

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BUFFUM

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